

**SUMMARIZED MINUTES
SCOTTSDALE CITY COUNCIL
SPECIAL MEETING
TUESDAY, MAY 9, 2006**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor Manross called to order a Special Meeting of the Scottsdale City Council on Tuesday, May 9, 2006 in the City Hall Kiva at 5:06 P.M.

ROLL CALL

Present: Mayor Mary Manross
Vice Mayor Ron McCullagh
Council Members Betty Drake, Wayne Ecton, W.J. "Jim" Lane,
Robert Littlefield, and Kevin Osterman

Also Present: City Manager Jan Dolan
City Attorney Deborah Robberson
City Clerk Carolyn Jagger

PRESENTATIONS/INFORMATION UPDATES

- Proclamation – Week of May 7, 2006 proclaimed Law Enforcement Memorial Week

PUBLIC COMMENT

Henry Becker, 9643 E Vereda Solana, expressed concern about possible future employee layoffs. Mr. Becker also questioned the make-up of the Council Budget Subcommittee and believes the Council is hypocritical in their opposition to the cabarets.

Lyle Wurtz, 6510 E Palm Ln, 85257, disapproves of council members expressing their opinions on Proposition 402 in the newspaper, and believes that the Council has become extravagant in their spending. Mr. Wurtz is also concerned about the proposed development at Papago Park.

NOTE IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF CITY COUNCIL MEETINGS ARE NOT VERBATIM TRANSCRIPTS. ONLY THE ACTIONS TAKEN AND DISCUSSION APPEARING WITH QUOTATION MARKS ARE VERBATIM. DIGITAL RECORDINGS OF CITY COUNCIL MEETINGS ARE ON FILE IN THE CITY CLERK'S OFFICE.

MINUTES

SPECIAL MEETINGS

April 19, 2006
April 25, 2006
April 25, 2006 (appointments)

REGULAR MEETINGS

April 25, 2006

EXECUTIVE SESSIONS

October 25, 2005
November 1, 2005
November 8, 2005

COUNCILMAN LANE MOVED FOR APPROVAL OF THE ABOVE LISTED MINUTES.
COUNCILMAN OSTERMAN SECONDED THE MOTION, WHICH CARRIED 7-0.

REGULAR AGENDA ITEMS 1-3

1. **Presentation of Recommendations by the City Council Budget Subcommittee to the Full City Council Regarding the Proposed FY 2006/07 Operating and Capital Budget – Councilman Littlefield**

Budget Subcommittee presentation, City Council discussion, and possible direction to staff and/or action regarding the Proposed Fiscal Year 2006/07 Operating and Capital Budget.

Staff Contact(s): Craig Clifford, Financial Services General Manager/CFO, 480-312-2364, cclifford@ScottsdaleAZ.gov; Arthur Rullo, Budget Director, 480-312-2435, arullo@scottsdaleaz.gov

Councilman Littlefield, Chairman of the Council Budget Subcommittee, provided a presentation of the Subcommittee's recommendations outlined as follows, and noted that not all recommendations were unanimous:

- Mission of Subcommittee
- Activities of Subcommittee
- Public Outreach Methods
- Decision Packages
 - Youth Sports Field Maintenance – **Subcommittee recommended approval of \$508,002**
 - Downtown Marketing – **Subcommittee recommended approval of \$228,090**
 - Cultural Council Requests – **Subcommittee recommended approval of a one-time expenses of \$209,725, and denial of annual expenses of \$328,702**
 - Villa Monterey Golf Course – **Subcommittee recommended approval of \$200K for acquisition; \$1.8M for property rehabilitation; and \$150K for operating expenses. All recommendations are contingent on property availability.**
 - TPC Desert Golf Course & Clubhouse Renovation – **Subcommittee recommended approval of \$10M in bonds to improve the TPC Desert Course and Clubhouse renovations** with funding to come from the annual course lease revenues
- Additional Issues
 - Healthcare Funding – **Subcommittee recommended paying for the increased expenditure with a transfer from the General Fund**
 - Tourism Development Commission Allocation – **No specific recommendation, but more dialogue anticipated**
 - Trails Master Plan Support – **No specific recommendation**
 - DC Ranch Tennis Courts – **Subcommittee recommended amending the CIP to add the project in FY 2010-11**
 - Helicopters – **Subcommittee recommended removing the program from the five-year CIP**

- City Hall Security – **Subcommittee recommended further discussion on the possibility of discontinuing security screening at City Hall or limiting the hours of operation**
- Maricopa County Human Services Campus – **Subcommittee recommended allocating \$40K from the General Fund for the next three years for the Campus, which serves the regional homeless population**
- The Subcommittee also discussed possible changes to the budget process next year; including their desire to include the whole Council in the process, and to televise the budget deliberations in order to provide greater public exposure.

Mayor Manross opened public testimony.

Lois Fitch, 1229 N Granite Reef Rd, 85257, thanked the Subcommittee for supporting the Downtown Marketing Program. She related how invaluable the directory and maps are to tourists, and also requested expansion of the hours of operation for trolleys and horse-drawn carriages to include Sundays.

Paul Piazza, 8453 N 82nd Pl, 85258, said downtown merchants appreciate the City's support, and pointed out that Scottsdale's unique downtown is important for locals, as well as tourists.

Mayor Manross closed public testimony. Two additional comment cards were submitted from citizens in favor of Item 1, but not wishing to speak.

Council discussion:

- It was suggested that funding for the Downtown Marketing Program should be in the form of matching funds from the merchants, and that the Council should discuss the possibility of using funds allocated by the Tourism Development Commission for the program.
- Several Councilmembers expressed support for funding the Cultural Council's ongoing expenses for Theater 4301 and for preservation of the museum-quality art collection. Discussion was held regarding possible changes to the contract with the Cultural Council to include these items. A Task Force will be reviewing the contract and working with board members and staff to amend the language. Councilman Ecton pointed out that because of the budget approval timeline, a decision on Theater 4301 and Collection Preservation would be required before any possible contract changes might be developed.
- It was suggested that the Tennis Courts at DC Ranch should have more priority in the CIP.
- City Manager Jan Dolan mentioned that a meeting has been scheduled with school district officials to discuss issues related to youth sports field maintenance. Feedback from that meeting will be reported to the Council. Some Councilmembers expressed concern that these fields would be maintained by taxpayer dollars, yet would not be accessible to all residents. There was consensus that the School District should take over more of the maintenance in the future.
- In response to discussion regarding City Hall security, Ms. Dolan said she would forward a cost breakdown to the Council.
- Councilman Osterman believes the Helicopter Program should remain in the Five-Year CIP because the voters approved it.
- Vice Mayor McCullagh reviewed several of his concerns including: the increase in the budget; having more employees per capita than any other city in Arizona; the imbalance in contributions for employee healthcare, and the City's defined-benefit pension plan. He recommended that Council set operating and payroll limits; privatize the management of some City facilities; redistribute employee health premium costs; hire attorneys to get the

City out of the State's benefit pension plan; and look into hiring an independent Treasurer. Mayor Manross said that the State Legislature is the place to begin any discussion regarding pension concerns, and agreed the statewide issue needs to be studied.

- Mayor Manross pointed out that many new amenities and programs in the City justify the need for additional full-time employees.

2. Public Hearing on the Proposed FY 2006/07 Operating and Capital Budget

Staff presentation, public hearing, City Council discussion, and possible direction to staff and/or action regarding the City's Proposed Fiscal Year 2006/07 Operating and Capital Budget.

Staff Contact(s): Craig Clifford, Financial Services General Manager/CFO, 480-312-2364, cclifford@ScottsdaleAZ.gov; Arthur Rullo, Budget Director, 480-312-2435, arullo@scottsdaleaz.gov

Craig Clifford, Financial Services General Manager, provided a brief presentation of the 06/07 Budget. The \$1.4B budget includes the General Fund (operating budget); the Special Revenue Fund (restricted funds); the Debt Service Fund (restricted funds); the Enterprise Fund, which is comprised of the self-supporting services of water, sewer, solid waste and the airport; and an \$854M Capital Improvement budget, half of which has been carried forward from prior years.

Mayor Manross opened public testimony.

Michael Kelly, 8973 N 84th Wy, 85258, requested additional information so that he could better understand Proposition 402, and questioned why the expenditure limit wasn't raised some time ago. Mr. Kelly believes the budget process needs improvement.

Dimitri Kompos, 6925 E Chaparral Rd, 85253, complained about phone calls he and his family have received in support Proposition 402. He feels the callers provided misleading information intended to create fear.

Mayor Manross closed public testimony.

Council and Staff discussion:

- Mr. Clifford explained that the need to address the expenditure limit was identified in mid-October 2005 and brought forward to the Council. At that time, the decision was made to place the item on the next available ballot.
- In response to a question from Council, Mr. Clifford clarified that money left over in a budgeted fund is carried over to the next year as unbudgeted.
- City Manager Jan Dolan clarified that while the City will continue to contract out for some services, such as landscaping and maintenance, the failure to convert contract employees to full-time employees may result in penalties due to the Fair Labor Act.

3. Transportation Master Plan Process

Overview of the Transportation Master Plan process, preliminary options, community input, research, and future phases.

Staff Contact(s): Ed Gawf, Assistant City Manager, 480-312-4510, egawf@scottsdaleaz.gov; Mary O'Connor, Transportation General Manager, 480-312-2334, moconnor@scottsdaleaz.gov

Mary O'Connor, Transportation General Manager; and Charlie Hales, Consultant with HDR Engineering, provided a presentation outlined as follows:

- Overview
- Scope of Work
- Timeline of Master Plan
- Project Goals
- General Plan 2001 Community Mobility Element
- Existing Conditions Summary
- Examining Corridor Capacities
- Prior Decisions Shaping Scottsdale's Transportation System
- Public Input Summary (General Issues, City Wide and Regional Issues, North Area Issues, Airport Issues, Downtown Issues, Central/Southern Area Issues)
- High Capacity Transit Overview (Three possible technologies recommended – Light Rail, Streetcar, Bus Rapid Transit)
- Evaluating Plan Options
- Scenarios and Input from Workshops

Council and Staff discussion:

- There was a question as to whether the Master Plan would take into consideration potential regional impacts. Ms. O'Connor explained that the consultant and City staff have been in communication with other municipalities and Maricopa County in an effort to better understand regional plans and minimize impacts.
- It was asked if the public had shown a preference for a particular high-capacity transit option. Mr. Hale responded that he hadn't noted a particular preference and expects that the final recommendation will be some combination of all three alternatives.
- There was a suggestion that the consultant and staff use their expertise to create the best possible plan without being unnecessarily influenced by past data or previous plans.
- In response to Council questions, Ms. O'Connor reported that:
 - A technical report, a summary of alternatives, an analysis of the high-capacity transit options, and a summary of public input will be provided to the Council.
 - Previous analyses did include other corridors, but now only Scottsdale Road corridor is being considered for high-capacity transit technology.
 - Regional connectivity, in terms of trails and bikes, is one of the criteria for evaluation of the high-capacity transit technologies.
 - Sub-area plans will look in detail at issues related to downtown, the couplets, and improvements to Chaparral and Camelback roads.
 - Analyses relating to cost, cost benefit, and construction impacts are included in the report.

Mayor Manross opened public testimony.

Darlene Petersen, 7327 E Wilshire Dr, 85257, expressed appreciation for the HDR Consultants and how they listened to the public. Ms. Petersen supports having a better bus system and is opposed to rail.

Michael Kelly, 8973 N 84th Wy, 85258, suggested that a policy on how to implement the transportation improvements would be helpful to future City Councils.

Michael Fernandez, Pottery Paradise Inc., 4338 N Scottsdale Rd, 85251, presented 2001 statistics on light rail performance in other cities. Mr. Hernandez prefers service improvements to the existing bus system rather than light rail.

Sam West, 8160 N Hayden, 85258, said the consultants are doing a good job on public input, but said more dialogue is needed for better understanding by citizens. Based on what he heard at the meetings he has attended, Mr. West believes there is a consensus for bus rapid transit.

Dave MacDonald, 10888 N 70th St, #266, 85254, said the City should be looking ahead twenty years and considering different types of transportation like Disney World has done. There should be planning for light rail, and acquisition of right-of-way should begin now.

Mayor Manross closed public testimony.

CITY MANAGER'S REPORT - None

MAYOR AND COUNCIL ITEMS

4. Citizen Petition Requesting Formation of a Blue Ribbon Panel to Examine the City's Proposed 2006/07 Budget

Request: Consideration of a citizen petition presented to the City Council on April 25, 2006 as provided for by City Charter. The petition asks that the City Council form a Blue Ribbon panel to examine the City's proposed 2006/07 budget. The petition also requests the panel consist of seven members, each appointed individually by each Councilmember. The panel would examine the budget with the aim of reducing the City Manager's proposed budget increases to fall within the Constitutionally mandated expenditure cap. The panel would also investigate whether the City is in a position to grant tax relief and make recommendations on the types of tax relief including, but not limited to sales tax on food and property taxed and/or the prepayment of City indebtedness.

Mayor Manross opened public testimony.

Eric Borowsky, Scottsdale Small Business Alliance, 22214 N La Senda, 85255, urged the Council to consider forming the Blue Ribbon Panel because the budget is growing much too fast relative to inflation and population growth. Mr. Borowsky said his interest in the budget grew when the request for an increase of \$79M in the expenditure limit came forward.

Lamar Whitmer, Small Business Alliance, 7023 E Fourth St, 85251, said the City's spending has increased 50% in three years, and the public lacks confidence in the Council. He believes an oversight committee would help.

John Washington, 3515 N Chambers Ct, 85251, expressed concern about Proposition 402. Mr. Washington feels the current budget emergency may have been generated by traffic problems created by past Council decisions. He believes the panel is a great idea because it would introduce a different perspective to the budget process.

Mayor Manross closed public testimony.

Council discussion:

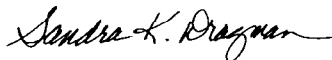
- Councilman Lane believes the recommendation for a Blue Ribbon Panel would contribute value to the budget process and deserves consideration.
- The majority of the Council was not in favor of appointing a panel at this time. With Proposition 402 going before the voters next week, the Council believes it will know more about public opinion after the election.
- There was general support for exploring more creative citizen engagement options before the next budget process. A citizens' panel might be one of the options considered.
- It was suggested that televising the Council Budget Subcommittee meetings would help the public to better understand the budget.
- Councilmember Drake requested a debriefing on past citizen budget committees, including information on how they functioned and the reasoning behind their discontinuation.

PUBLIC COMMENT - None

ADJOURNMENT

With no further business to discuss, the meeting adjourned at 9:18 P.M.

SUBMITTED BY:



Sandy Dragman
Recording Secretary

REVIEWED BY:



Carolyn Jagger
City Clerk

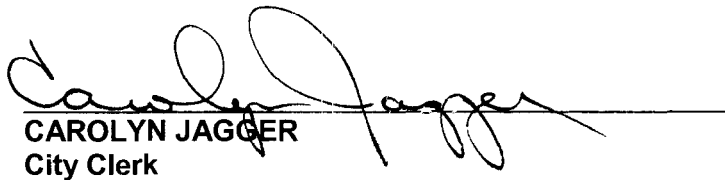
Officially approved by the City Council on 06/06/06

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Special Meeting of the City Council of Scottsdale, Arizona held on the 9th day of May 2006.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 6th day of June 2006.



CAROLYN JAGGER
City Clerk